

# Land Rental in Ashtabula County, Ohio

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Many landowners in Ashtabula County choose to cash rent their farm ground instead of actively farming the acreage themselves. The major question landlords and tenants both ask is “**What is a fair price to rent farm ground?**” This question does not have an easy answer, as a number of factors have an impact on rental prices. Each rental agreement is negotiable based on how the landlord and tenant address each of these. This fact sheet addresses some of the factors you should consider as you determine a fair rental price for your farmland.

## What cash rental rate is fair?

The landowner should first determine what the annual land ownership costs are for the acreage they are renting. The annual ownership cost will most likely include the amount paid for property taxes, insurance, property maintenance/upkeep expense, and mortgage interest. Owners often hope the rental payments cover a portion, if not all, of these costs.

For instance, using the annual tax statement from the Auditor’s office, a landowner can determine the amount of rent which is needed just to cover the property tax. As an example, the property tax for the 12 acre hay field in New Lyme Township (pictured to right) was \$153 for the past year. This translates into \$12.75 per acre just for the landowner to cover their property tax.

A land owner could also establish their cash rental rate based on a percentage of cash return. This is calculated by multiplying the market value of land by the desired % rate of return. Most would target a rate of return equal to or greater than the 10 year U.S. Treasury Note (approximately 3%). As an example, if the market value of the land is \$2,500, you would multiple this by 3% (desired rate of return). This would equate to a cash rental rate of \$75 per acre for the year. The key to this calculation is to have an accurate measure of the market value of the land and to use a realistic rate of return percentage.



*Nearly 50,000 acres of land in Ashtabula County is rented by farmers each year (Census of Agriculture, 2012)*

After calculating the cash rental rate, the landowner should also consider the extra things a tenant might do such as weed control on non-tillable acres, fence repair, cutting firewood, snow removal and other tasks that have value to the landlord. Services like these may allow a tenant to pay a discounted rental rate.

## What factors determine rental value?

Many factors should be considered when negotiating a price to rent farm ground. These factors include land productivity, location, site characteristics, previous cropping history, and supply and demand.

Land Productivity - One of the major factors of the value of land for rental ground is its productivity. The productivity of the land is impacted by soil type, soil drainage, topography, soil pH and nutrient load. Landowners should contact the Ashtabula County Soil & Water Conservation District (440-576-4946) to learn more about their soils and their potential for agricultural production. Landowners should also conduct a soil test of the soil to determine the soil pH and nutrient standing of the soil. Land rents should be decreased for situations in which the tenant farmer will need to add significant lime and fertilizer to the soil to make it productive. The wetter the field, the lower the rent. Any field that is systematically tilled for water removal will be more attractive for rental.



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**Site Characteristics** - Location is a very important factor in determining rental rates. The closer the proximity of the field to neighboring farms, the more attractive it is for neighboring farmers to rent the land. Larger tracts of land are more ideal for rental properties. The amount and type of housing around the land will also play a role in determining land rental.

**Previous Cropping History** - Previous cropping history also impacts land rental rates. Fields that have been fallow for many years or have brush growing in them will be harder for the farmer to prepare for field crops. Land that has been cropped in the past will be easier for a new tenant to farm.

**Supply & Demand** - Ultimately, the land rental price will be determined by the number of farmers who are willing to rent the land. The more farmers interested in the land for agricultural use, the higher the land rent. In some situations, it will be difficult for a landowner to find a tenant to farm the ground.

**Other Factors**- Other factors may impact the land rental price. These could include the ease of working with the landlord (personalities do matter), profitability (low margins may decrease the acres planted by a farmer) and unpredictable weather (better weather during planting means more acres may be planted).

### What are typical rental rates in Ashtabula County?

The average land rent in Ashtabula County for 2017 was \$70.50 (NASS, 2017). Informal surveys of farmers and landowners indicate the range of land rentals to be \$0/acre to over \$150 per acre per year (OSU Extension). It should be remembered that this is only a range and each landowner and tenant should negotiate on a field by field by case basis.

The National Agricultural Statistics Service publishes an annual summary of rental rates across Ohio each year. More information can be found at:

<http://quickstats.nass.usda.gov>

The following are the average land rentals as published by the National Agricultural Statistics Service. For Ashtabula County, the following averages were reported:

2017 - \$70.50	2016 - \$73.50
2015- Not reported	2014 - \$62.00
2013 - \$48.50	2012- \$41.00
2011 - \$38.00	2010 - \$34.00

### Examples of different rental rates

The following are just a few examples on how land rental rates may be different from farm to farm.

**\$10/acre** - Some land is rented for as low as \$10 per acre (or some even for free!) as it may be a small field, poorly drained, poor location, may not have been farmed for a few years, and/or the landlord simply wishes the land to be farmed so they may remain in the Current Agricultural Use Valuation (CAUV) Program.

**\$40/acre** - Average size field, has been cropped in previous years, may need lime and fertilizer, and only a few farmers interested in renting.

**\$54/acre** – The farm is enrolled in the Conservation Reserve Program administered by the Farm Service Agency. This is the average rate in Ashtabula County for signing up for this crop set-aside program.

**\$120/acre** -Large field, sub-surface drained, easy accessibility, excellent cropping history and high crop yields.

### Lease Agreements

Some general legal requirements for lease enforceability that both a tenant and landlord should be aware of based on Ohio law are based on the length of the agreement. We recommend that a written lease be used when renting farm ground.

<b>Term</b>	<b>Legal Requirements</b>
Up to 1 Year	Verbal can be enforceable.
1-2 Years	Must be in writing and signed by both parties.
2-3 Years	Must be in writing, signed by the parties, notarized, and recorded in the county where the land is located.
3 Years or More	Must be in writing, signed by the parties before two witnesses, notarized, and recorded in the county where the land is located.

### Example Leases

It is recommended once the landlord and tenant agree on a rental price a written lease should be signed by both parties.

The North Central Farm Management Extension Committee has developed a website “**Ag Lease 101**” which helps both land owners and land operators learn about alternative lease arrangements and includes sample written lease agreements for several alternatives.

Some of the example leases available: Cash Farm Lease, Crop-Share Lease, Pasture Lease, Farm Building/Livestock Facility Lease, Farm Machinery Lease for Non-Commercial Transactions and Livestock Rental Lease.

Ag Lease 101 can be accessed at:  
<https://aglease101.org/>

### Legal Questions & Answers

OSU Extension’s Agricultural & Resource Law Program, led by Assistant Professor Peggy Kirk Hall, helps to provide research and outreach on legal issues affecting agriculture.

A variety of Law Bulletins are available from the Farm Leasing Law Library and include the following discussions: What’s in Your Farmland Lease?, Creating an Enforceable Farm Lease, Protecting Interests in a Verbal Farm Lease Situation, Leasing Your Land for Hunting, Crop Share Leasing in Ohio,

and Legal Aspects of Ohio Farmland Leases. The Agricultural & Resource Law Program can be accessed at: <https://farmoffice.osu.edu/>

### References

National Ag Statistics Service  
[https://www.nass.usda.gov/Statistics\\_by\\_State/Ohio/Publications/County\\_Estimates/index.php](https://www.nass.usda.gov/Statistics_by_State/Ohio/Publications/County_Estimates/index.php)

Ag Lease 101 can be accessed at:  
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How to Determine the Right Farm Rental Rate, University of Vermont, 2014.  
<http://www.uvm.edu/newfarmer/land/RentalGuide.pdf>

Agricultural & Resource Law Program,  
<https://farmoffice.osu.edu/>

Farmland Rental Resources. Farmland rental information for Ashtabula County landowners. Access at: [go.osu.edu/landrent-ashtabula](http://go.osu.edu/landrent-ashtabula)

### Author

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### Reviewers

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